

## Message Text

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ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 ISO-00 IO-10 SP-02 L-03

H-02 AGR-05 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00

STR-04 TRSE-00 CIEP-01 FRB-03 OMB-01 /074 W

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P R 081430Z AUG 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 830

AMEMBASSY ABIDJAN

AMEMBASSY BOGOTA

AMEMBASSY LONDON

AMEMBASSY MEXICO CITY

AMEMBASSY SAN SALVADOR

AMEMBASSY GUATEMALA CITY

AMEMBASSY MANAGUA

AMEMBASSY SAN JOSE

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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C O R R E C T E D C O P Y (PARA 5)

E. O. 11652: N/A

TAGS: ETRD; EAGR

SUBJ: US VIEWS ON COFFEE NEGOTIATIONS

REF: STATE 182723

1. EMBOFFS CONVEYED TEXT OF US POSITION ON NEW  
COFFEE AGREEMENT (PER REFTEL) TO CALAZANS, PRESIDENT  
OF IBC, AND TO FONMIN'S COFFEE SPECIALIST. CALAZANS  
SAID THE US POSITION SEEMED TO BE IN ACCORD WITH  
CURRENT BRAZILIAN POLICY ON SUBJECT. HE NOTED  
THAT HE PLANS TO BE IN NEW YORK IN EARLY SEPTEMBER  
AND HOPES TO GET TO WASHINGTON TO SEE DEPUTY  
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ASSISTANT SECRETARY KATZ, ALTHOUGH VISIT TO THE US

IS UNRELATED TO THE COFFEE NEGOTIATIONS.

2. ON THE GENERAL OUTLOOK FOR COFFEE, CALAZANS FORESAW PRICES CONTINUING ON AN UPWARD TREND FOR THE NEXT FEW MONTHS. HE BELIEVED PRICES MAY REACH US \$150 PER BAG OF 60 KILOS (ABOUT US \$1.13 PER LB). HE HOPED PRICES WOULD NOT GO BEYOND THIS POINT AS THIS WOULD BE "DANGEROUS". ON THE SUPPLY SIDE, CALAZANS ALLEGED THAT BRAZIL WILL HAVE ABOUT 42 MILLION BAGS AVAILABLE FOR SALE (INCLUDING PRODUCTION AND STOCKS) DURING THE NEXT TWO CROP YEARS. ACCORDING TO HIM, THE DAMAGE CAUSED BY THE RECENT FROST HASO PUT THE STATE OF PARANA OUT OF PRODUCTION FOR TWO YEARS BECAUSE ALL THE TREES WILL HAVE TO BE CUTO AT THE TRUNK.

3. WITH RESPECT TO BRAZILIAN POLICY ON THE SALE OF COFFEE, CALAZANS CONFIRMED THAT BRAZIL WILL NO LONGER ENTER INTO FIXED PRICE CONTRACTS WITH BUYERS. HE DID INDICATE, HOWEVER, THAT UNDER THIS NEW POLICY BRAZIL WOULD GIVE PREFERENCE TO TRADITIONAL MARKETS, BUT HE DID NOT STIPULATE HOW THIS PREFERENCE WOULD BE EXPRESSED. HE RULED OUT THE RE-IMPOSITION OF QUOTAS. AS FOR 1975, BRAZIL EXPECTS TO EXPORT ABOUT 12 MILLION BAGS, WITH TOTAL EXCHANGE EARNINGS OF OVER \$1.0 BILLION.

4. CALAZANS MENTIONED THAT THE BRAZILIAN PRESS HAD CARRIED REPORTS TO THE EFFECT THAT THE DEPARTMENT OF AGRICULTURE WAS SENDING A TEAM DOWN TO BRAZIL TO ASSESS THE DAMAGE OF THE FROST. HE ASKED US TO CONVEY TO AGRICULTURE THAT THE IBC WOULD BE AT THE DISPOSAL OF THE GROUP, FOR ANY BRIEFING OR ASSISTANCE THAT IT MAY DESIRE OR NEED.

5. IN PRESENTATION OF US VIEWS BY EMBOFF TO FONMIN SPECIALIST PRIOR TO PRESENTATION TO CALAZANS, FONMIN SPECIALIST ASKED EMBASSY TO CONVEY TO WASHINGTON THAT:  
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--THE GOB HAS SOUGHT TO AVOID A CLIMATE OF MISUNDERSTANDINGS, FOR INSTANCE THAT BRAZIL IS TRYING TO MAKE A DEAL WITH OTHER PRODUCERS OR THAT BRAZIL IS EXAGGERATING THE FROST DAMAGE.  
--TO THIS END, THE GOB MADE CLEAR ITS TRADE POLICIES AND ITS CONTINUED SUPPORT FOR AN AGREEMENT AND FOR THE ORIGINAL TIMETABLE. ALSO, THE GOB IS ATTEMPTING TO KEEP SEPARATE THE TRAVELS OF REPRESENTATIVES

OF PRODUCER COUNTRIES WHO ARE COMING TO BRAZIL  
TO INSPECT THE DAMAGE. RUSER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COFFEE, AGREEMENT DRAFT, NEGOTIATIONS, GOVERNMENT REACTIONS, DIPLOMATIC DISCUSSIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 08 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** KelleyW0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975BRASIL06622  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750275-0129  
**From:** BRASILIA  
**Handling Restrictions:** n/a  
**Image Path:**  
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**Legacy Key:** link1975/newtext/t19750867/aaaacgsj.tel  
**Line Count:** 117  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 182723  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** KelleyW0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 JUN 2003  
**Review Event:**  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** US VIEWS ON COFFEE NEGOTIATIONS  
**TAGS:** ETRD, EAGR, US, BR, (CALAZANS)  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006